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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 217

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,
Petitioner,

vs.

PANTHER-PANCO RUBBER CO., INC.,
Respondent.

PETITIONER'S REPLY TO BRIEF OF RESPONDENT.

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PETITIONER'S REPLY TO BRIEF OF RESPONDENT.

Respondent's brief contains certain inaccuracies and misleading implications which, if accepted as correct, might exert an undue influence upon this Court's consideration of the Petition for Writ of Certiorari in this case. Accordingly, the petitioner avails itself of its right under paragraph 4 (a) of Rule 38 to reply to the respondent's brief.

POINT I.

a. "*Substantially Identical.*"

Respondent urges that Point I of the Petition "is not a fair statement" (page 2) because it refers to respondent's use of symbols "substantially identical" to petitioner's registered red circle trade-mark. In support thereof re-

spondent quotes extracts from the opinion of the First Circuit Court of Appeals regarding Exhibits 1, 2, 3, and 4.

Point I of the Petition refers specifically to Exhibits 1, 4, and 5 only (Petition, page 10). It does not refer to Exhibit 2 (the red panel) or Exhibit 3 (the red diamond) as "substantially identical" to petitioner's trade-mark. These are considered only as unfair competition under Point III.

The fact that red circles (Exs. 4 and 5) are "substantially identical" in shape and color to a red circle (petitioner's trade-mark) is submitted to be beyond argument.

As to the red oval (Ex. 1), the Commissioner of Patents made the following observation in denying respondent's application to register the red oval as its trade-mark:

> "*At best the difference between a circle and an oval is merely one of degree*, and the public cannot be relied upon to distinguish between them or remember which is which." *Mishawaka Rubber & Woolen Mfg. Co.* v. *Panco Rubber Co.* (Comr. of Pats.), 25 U. S. P. Q. 496. (R. 115.)*

Obviously, the First Circuit Court of Appeals accepted the geometric figures of Exhibits 1, 4, and 5 as substantially identical to petitioner's red circle trade-mark since it based its decision of non-infringement on the fact that a name was used on the red oval, and illustrations of the merchandise were used on the red circles.

This brings us to the critical issue in this case: *Should the use of an otherwise infringing mark be condoned merely because a name or a picture is added thereto?* The affirmative holding by the First Circuit Court of Appeals is in conflict with the prevailing decisions in this Court and in the other circuits, and it is this issue which we are asking this Court to decide.

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* Emphasis ours.

b. *Conflict with Prevailing Decisions.*

Respondent, unable to find any decisions in harmony with the appellate court decision on this issue, attempts to minimize the conflict with decisions of this Court and other courts of appeals by asserting that the factual situations differed in some of the conflicting cases.

Notwithstanding different factual situations, the legal criteria by which infringement is determined are clearly set forth in the cases cited in the Petition, and the conflict of this case therewith is clear and irreconcilable.

The appellate court decided in the present case that the respondent's red oval and red circles—despite their similarity to petitioner's red circle trade-mark—were *non-infringing because of the name and designs superimposed thereon.*

This Court, in *Menendez* v. *Holt*, 128 U. S. 514, 521, enunciated the legal principle that *the addition of a name to another's device is an aggravation, not a justification.*

The Sixth Circuit Court of Appeals, in *Ohio Baking Co.* v. *National Biscuit Co.*, 127 F. 116, held that the use of a label of the same color and shape as that of another would be enjoined, *notwithstanding differences in words or designs projected thereupon.* Both of the foregoing decisions are diammetrically opposed to the controverted decision of the First Circuit Court of Appeals! It is significant that the respondent says nothing whatever about these cases.

In the case of *Mishawaka Rubber & Woolen Mfg. Co.* v. *S. S. Kresge Co.* (C. C. A. 6), 119 F. 2d 316, the factual situation was very close to the one presented here, but the decision was contrary. The respondent insists that the decision therein does not represent the attitude of the Sixth Circuit because the defendant therein did not appeal from the injunction granted by the District Court. That

court did, however, expressly approve the lower court's injunction (119 F. 2d 326) after reviewing the entire case on the theory that "local law" applied.

Point II.

Applicability of "Local Law" Under Trade-Mark Act of 1905.

The respondent urges that this is not the only trade-mark infringement case in which the question of applicability of "local law" could have been raised. In essence, respondent merely says that this Court should not consider this question here because it has not exercised its prerogative to raise the question in other cases where it might have done so.

Therefore, the situation remains what it was when this Court raised the question on its own motion but was precluded from deciding it in *Pecheur Lozenge Co., Inc.* v. *National Candy Corp., Inc.*, 315 U. S. 666. The applicability of "local law" in trade-mark infringement cases has been suggested but not determined. *Dwinell-Wright* v. *National Fruit Product Co.* (C. C. A. 1), 140 F. 2d 618, 620.

Point III.

a. *Court of Appeals Applied "Local Law" in Deciding Unfair Competition.*

According to the respondent, the question of the applicability of "local law" in cases of unfair competition is not involved in this case because the Court of Appeals did not state *specifically* that "local law" controlled.

The District Court held that Massachusetts law controlled, and both courts decided the unfair competition phase of this case on the basis of Massachusetts authorities. We credit the appellate court with having applied the law which it regarded as applicable.

b. *Question Not Merely Academic.*

The respondent asks this Court to believe that the result would have been the same in the present case if federal rather than local authorities had been relied upon, and asserts that the question presented here is merely academic. This argument is entirely unfounded.

Attention is invited to a leading case on unfair competition in this Court—*Straus* v. *Notaseme Hosiery Co.*, 240 U. S. 179. Mr. Justice Holmes' decision in that case, if regarded as controlling in the present case, would have necessitated a finding in petitioner's favor.

Simple geometric marks of a specific color were involved there.* One of the marks was a red *square;* the other a red *rectangle.* One bore the name "NOTASEME" on a diagonal black band, the other bore the name "IRONTEX" on an oppositely disposed diagonal black band. Notwithstanding totally dissimilar names impressed thereon, the substantial similarity in color and shape of the respective backgrounds was considered likely to confuse, and relief was granted. Factually, that case and this case are closely related. The decisions, however, are in direct conflict.

Similarly, the legal principles pervading the decision of this Court written by Mr. Justice Brandeis in *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111, are believed to sustain the petitioner's right to relief.

In the *Straus* case, this Court granted relief based on the then accepted view that federal decisional law was controlling.

In the *Kellogg* case, this Court granted relief based upon the view that federal decisional law could be followed insofar as the local law was not contrary. (305 U. S. 113—footnote.)

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* The marks are illustrated in 6 *Trade-Mark Reporter,* 104.

If either of these views had obtained in the instant case, the petitioner would have been entitled to relief in accordance with legal principles to be found in federal precedents. But the First Circuit Court of Appeals appears to have considered that a basis for relief would have to be found in Massachusetts decisions, or it could not be granted. This, we submit, is neither necessary nor proper under the principles enunciated in *Erie R. R.* v. *Tompkins,* 304 U. S. 64.

This is no mere academic question. Petitioner has been denied relief. Petitioner's right to relief under the allegation of unfair competition is contingent upon what law is applied. If federal precedents can be applied, relief should be granted. The petitioner asks that this Court rule on the applicable law in order to obtain a reversal of what is believed to be an unwarranted and improper decision. The fact that the issue involved in this case is currently the subject of extensive speculation by legal writers and judges merely confirms the general importance of this question.

Conclusion.

The respondent has asserted that this is just an ordinary case of trade-mark infringement and unfair competition. That is true. It presents the issues usually encountered in such cases—but they have been decided by the First Circuit Court of Appeals in a most unusual way.

The issues raised here are decisive, not only in this case. *They are fundamental questions in the law of trade-marks and unfair competition!* They are of importance, both under the existing Act of 1905 and under the new Trade-Mark Act (Public Law 489, 79th Congress, Chapter 540, 2nd Session) which will become effective July 5, 1947. Until these issues are resolved in this Court, the law of trade-

marks and unfair competition must remain confused and uncertain. Unless they are considered in this case, the petitioner will be deprived of the relief to which it is justly entitled.

Respectfully submitted,

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Petitioner,

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